

DEDICATED TRANSIT SERVICE (DTS)

DTS allows for interconnection between competitive local exchange carriers (“CLECs”), provides a dedicated electrical or optical path between collocation arrangements (physical and virtual) of the same or of two different CLECs in the same Telephone Company central office location, using Telephone Company provided distribution facilities. There are one-time costs Verizon incurs to process the order and provision DTS. Non-recurring costs are the one-time expenses associated with any labor activity necessary to provision a customer request for the initiation or change and ultimately the termination of service. To develop these non-recurring costs, Verizon identified the amount of time required to perform each of the activities and multiplied the time by the appropriate labor rate.

The study develops costs for the different service order processing and provisioning non-recurring functions by identifying the total forward-looking connect and disconnect costs associated with the activities performed in various organizations. The total costs associated with the service order, central office wiring and provisioning is summarized for each DTS rate element.

METHODOLOGY

Non-recurring costs are incurred at the time the ordering and provisioning occurs. These costs fall into three primary categories:

1. Service Order: Includes the costs related to the process by which Verizon performs any necessary function(s) to issue an order resulting from a CLEC request for service.
2. CO wiring: Includes the costs associated with the process by which Verizon, after receipt of an order, performs the necessary function(s) in the Central Office (“CO”) Frame work group to satisfy a CLEC request for service.
3. Provisioning: Includes the costs incurred during the process by which Verizon performs the necessary functions in the remaining support work groups.

The activities to be studied were determined based on a workflow analysis that identified all involved organizations, and their respective functional work activities. Detailed work activities were identified for each organization. Occurrence factors and forward-looking adjustments were also determined for each activity. Finally, the adjusted times were multiplied by the applicable directly assigned labor rates to produce the non-recurring costs for DTS.

A cost summary for the service order, CO wiring and provisioning associated with the individual DTS rate elements is provided. Costs related to expediting the

ordering and provisioning processes, referred to as expedite costs, are also included. The expedite costs were developed based on expedite labor rates which were calculated by multiplying basic wages by an overtime loading factor before adding direct supervision, clerical support, absence, payroll taxes, benefits and miscellaneous expense components. To each non-recurring cost, common overhead and gross revenue loadings are applied. The total non-recurring and expedite costs are then displayed for each DTS rate element.

Costs associated with provisioning lit fiber will be provided on an individual case basis (ICB). This is appropriate because “lit fiber” cross-connections were not defined by the Federal Communications Commission (“FCC”) in its *Fourth Report and Order*¹, and Verizon has had no experience providing “lit” fiber cross-connections between two collocated arrangements in the same CO. Moreover, there is no current demand – or any anticipated future demand - for this offering. Rates and costs will be developed in the event that the specific characteristics of the service offering can be identified and Verizon gains actual experience in providing such services to carriers.

¹ *In the Matter of Deployment of Wireline Services Offering Advanced Telecommunications Capability*, CC Docket No. 98-147, adopted and released August 8, 2001.